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UNITED STATES NUCLEAR REGULATORY COMMISSION
PERIODIC BRIEFING ON NEW REACTOR ISSUES
(AFTERNOON SESSION)

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WEDNESDAY

AUGUST 22, 2007

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The Commission convened at 1:30 p.m., Dale E. Klein, Chairman presiding.

NUCLEAR REGULATORY COMMISSION

DALE E. KLEIN, CHAIRMAN

GREGORY B. JACZKO, COMMISSIONER

1 NRC STAFF

2 LUIS REYES, Executive Director for Operations

3 WILLIAM BORCHARDT, Director, NRO

4 DAVID MATTHEWS, Director, NRO Division of New Reactor

5 Licensing

6 LAURA DUDES, Deputy Director, NRO Division of Engineering

7 WILLIAM DEAN, Deputy Director, Office of Nuclear Security and

8 Incident Response

9 JAMES LYONS, Director, NRO Division of Site and Environmental

10 Reviews

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AFTERNOON SESSION

P-R-O-C-E-E-D-I-N-G-S

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3 CHAIRMAN KLEIN: Good afternoon. It seems like we just were here
4 this morning. It turns out that Pete Lyons is on an airplane to a previously
5 scheduled trip that he had to attend and Commissioner McGaffigan is working
6 again, so he may be listening for those little tidbits.

7 We are anxious to hear from the staff. I assume you all took good notes
8 from this morning's meeting. I'd also like to just comment again on what I said this
9 morning that you all have done a lot of work, so I think there's a lot of work to go
10 yet, but I think we've made a lot of good progress and as we all know these are
11 exciting times. Any comments before we start? Luis?

12 MR. REYES: Chairman, Commissioner Jaczko and Commissioner
13 McGaffigan if you're listening, keep working the budget. The staff is ready to brief
14 the Commission on our readiness for the challenge we have with the applications
15 of new reactors. We believe we're ready. We're going to go through that
16 presentation today because the next scheduled Commission meeting which is
17 October 24th if the applicants' schedules remain as advertised, we should be able
18 to talk to you about the applications we have on hand, both for COLs and design
19 certification, et cetera, et cetera. We have a lot of information to cover today. So
20 without delay, I'm going to turn over the presentation to Bill.

21 MR. BORCHARDT: Thank you, Luis. Slide two, please. Good
22 afternoon. Today's presentation is going to focus on infrastructure in both the

1 licensing and the technical review aspects of how we're set up to accomplish the
2 work that is ahead of us. We'll also talk about some of the openness and
3 stakeholder involvement and outreach activities that we've been engaged in.

4 I'm going to start off by giving a quick overview of some of the changes
5 since the last Commission meeting. Then Dave Matthews, the Director of the
6 Licensing Division of New Reactors will talk about the licensing program activities.
7 Laura Dudes, the Deputy Director of Engineering and Bill Dean, the Deputy
8 Director of the Office of Nuclear Security and Incident Response are going to talk
9 about the technical review activities and then Jim Lyons will talk about stakeholder
10 interface.

11 Before I go to the next slide, I just want to acknowledge the contribution of
12 Fred Brown, who is leaving New Reactors to take a Division Director position in
13 NRR, which is the opposite of a lot of the flow over the last year or so. But Fred
14 has been in charge of the budget and program management activities since the
15 onset of the office and was a very difficult and challenging job that he's done very
16 well. I just wanted to it knowledge his contribution. Slide three, please.

17 This is the new reactor licensing application chart. Since the last meeting,
18 North Anna has been identified as the reference combined license applicant for
19 the ESBWR. Also, Entergy Grand Gulf has announced that they are going to
20 delay submittal of their application from November until February of 2008.

21 As we talked about this morning UniStar has submitted Part 1 of their
22 combined license application.

1 As you can see on this chart and through the rest of the discussion this
2 afternoon, there's a significant amount of work being accomplished within the
3 agency related to new reactors. This is in the environmental area, pre-application
4 work, program development activities, and the initial COL application activities.

5 In general, the industry applications and submittals have contained
6 high-quality information; however, the completeness of the submittals and the level
7 of detail necessary for the staff to reach our regulatory decision are the issues that
8 are currently being worked through. As you would expect for the first time through
9 any process, there's a very steep learning curve. I think it's fair to say both the
10 industry and the NRC staff are firmly planted on that curve and discussing a
11 number of issues with recent submittals.

12 I'd also like to make special note that we just completed a two-month
13 rotational assignment to our Finnish fellow regulator. That individual provided
14 oversight and learned about the Finnish construction inspection program and will
15 be preparing a report for dissemination within the staff. I'll now turn it over to Dave
16 Matthews.

17 MR. MATTHEWS: Thank you very much and good afternoon. With
18 regard to program activities, I'm going to focus on infrastructure activities as we
19 generally refer to them and pre-application activities that reflect interaction in
20 advance of the receipt of applications with perspective applicants for all type of the
21 licensing actions they've been requesting or going to be requesting.

22 With regard to contracting, we continue to implement the contracting

1 strategy that we shared with the Commission in an information paper SECY-07-
2 0009, which basically was a procurement strategy. We have finalized new
3 technical assistance agreements with PNNL, SNL and BNL. These are obviously
4 national laboratories and we are very shortly going to finalize new agreements with
5 Oak Ridge, Argone, the U.S. Army Corps of Engineers, and the U.S. Geological
6 Survey hopefully by the end of this month.

7 In addition, the Division of Contracts at the moment is poised to award new
8 technical assistance commercial contracts by the end of this month. I want to
9 point out with regard to our ability to do this on the time frame needed to support
10 the new licensing activities was enhanced by the fact that the Office of New
11 Reactors initiated, and senior management team of the NRC supported the
12 conduct of a lean six sigma review on the overall contracting process and strategy
13 and that the Office of Administration and the Division of Contracts in particular
14 serve as their "project sponsor" which is a designated turn in a lean six sigma
15 arena.

16 We've already seen enhancements and improvements with regard to
17 timeliness and effectiveness of these contracting processes, which as you
18 understand presents a real challenge given the amount of leveraging we are going
19 to do with outside contractors to support our review activities.

20 Turning now to the licensing program plan and generally referred to as our
21 enterprise project management approach, we issued the licensing program plan
22 which was just that, a plan to address integrated scheduling in February of 2007.

1 The reference combined license template, the subsequent combined license
2 template and the design certification template have all been developed consistent
3 with that model.

4 The Vogtle ESP review activities, the ESBWR design certification review
5 activities are now loaded into that Enterprise Project Management server and the
6 staff is starting to use that process to manage those reviews from here on out,
7 even though they were initiated in advance of our ability to do that.

8 The South Texas combined license application is what we refer to as
9 resource loaded and it is being "published" to that server so that it's ready to use
10 as soon as that application arrives which we expect to happen in the near future.

11 We're conducting a series of meetings with potential applicants to exchange
12 scheduling information on a basis that will allow integration of our schedule to the
13 degree possible with their schedule so that we understand where there might be
14 possible unanticipated if we don't have these meetings conflicts with regards to
15 those schedules, so they know our expectations for delivery of material and RAI
16 responses and that we understand what template they are working to. So we've
17 had those meetings and they've been very productive.

18 We've held them with the applicant for the ABWR which is STP and with the
19 applicants for the AP1000 and very shortly in September we're going to have a
20 meeting with the GE ESBWR team to address our future scheduling activities with
21 regard to that review.

22 In addition, extensive training on the use of the project management tool is

1 being provided to our NRO staff. We've been limited in our space as you might
2 imagine in this building, so we have been contacting for the facilities across the
3 street to conduct large training activities and frequent with regard to the large staff
4 that's been assembled within NRO to address the use of that tool since it seems
5 so critically related to our success.

6 COMMISSIONER JACZKO: Are they building that extra tower over
7 there for us?

8 MR. MATTHEWS: We could only hope. Another facet of our review
9 activities is the development of what we refer to as Safety Evaluation Report or
10 SER templates. We are preparing templates for the combined license safety
11 evaluation reports for each of the design centers. The templates will provide a
12 standard format and guidance for the technical evaluations and how they're to be
13 documented.

14 They provide draft wording for areas where the combined license
15 application is expected to incorporate by reference the design control document
16 and those areas where the design control document includes combined license
17 information items. So we're trying to integrate them through these templates.

18 The goal of the template development effort is to make the SER preparation
19 more efficient and ensure consistent approach within and across the design
20 centers. These are tools that are going to be in place on a schedule that will
21 permit their use as soon as they're needed for each of the design centers. So we
22 are not going to have necessarily a uniform release of all these templates. We

1 prioritized them in order they're going to be needed.

2 With regard to rulemaking, I'll just update you. As you're aware, the major
3 update to 10 CFR Part 52 was made publicly available in May of 2007 and that will
4 be effective 30 days after publication in the Federal Register. My staff just
5 informed me; the latest news is that the rule will be published on August 28th,
6 2007 in the Federal Register with an effective date of September 27th.

7 When we have the citation for that rule, meaning the exact Federal Register
8 pages, we can then file the LWA rule with OMB and get that moving. You might
9 be aware, we've been awaiting the publication of one before we could initiate the
10 OMB review of the next one.

11 With regard to the aircraft impact assessment rule, the Commission
12 directed the staff to prepare such a rule in April 2007 and we are on track to have
13 an expected publication date of a proposed rule for public comment in September
14 of 2007. So that's near term activity that we hope to conclude here in the very
15 near future. Turning now to slide five.

16 With regard to public outreach meetings, I think it's appropriate that I defer
17 any comments on those to my colleague Jim Lyons who's going to talk about
18 outreach throughout external organizations and he'll include discussion of those
19 outreach meetings related to individual sites in his remarks.

20 We have been performing QA audits of the status and content of each of
21 these applications that we're expecting to see. These are for the benefit of the
22 staff to understand the level of completion and hopefully to assist those who are

1 preparing those applications in a way that will facilitate this issue in addressing the
2 concerns we've had with completeness and level of detail.

3 These interactions have been conducted at South Texas, Bellefonte, and
4 the team relating to the Lee Steam Station in South Carolina. North Anna, Grand
5 Gulf, and Summer visits are scheduled for September and we've got others
6 scheduled throughout the end of this calendar year.

7 We also, consistent with that, are performing pre-application site visits. We
8 conduct visits to review environmental, geotechnical, meteorological, and EP
9 issues. They have been conducted at D.C. Summer, Bellefonte, Harris, Lee,
10 Calvert Cliffs and STP sites.

11 With regard to our reviews and interactions on pre-application materials that
12 have been submitted by the applicants, we continue to use the vehicle of topical or
13 technical reports to have those interactions where an applicant is desirous of early
14 interaction. We've had and have under review technical reports related to the
15 ABWR, the AP1000, the EPR, the USAPWR. I apologize for all these acronyms,
16 but I think they're starting to be commonplace.

17 UniStar, representing a group of applicants and potential applicants and
18 NewStart, again, representing a consortium of potential applicants. We have had
19 meetings, which had been very productive with what were termed the design
20 centered working groups or DCWGs.

21 The ESBWR and the AP1000 design centered working groups which were
22 set up initially in response to our initiative that was framed in a regulatory issue

1 summary of last year and repeated again this year have been held with the
2 ESBWR and AP1000 potential applicants on a regular basis and we've now
3 initiated and started similar meetings with EPR and the Mitsubishi DCWG
4 activities. They've all formed up, if you will, these review groups.

5 A question has been raised, it's one we struggled with for I guess the last
6 couple of years on how we were going to integrate what I will call "virtually
7 simultaneous reviews" of design certification requests and the associated
8 combined license requests. That challenge is really what prompted our design
9 centered review approach to be developed and is what also prompted those
10 design centered working groups to be formed because of that concern.

11 I'll give you a shorthand term. You may have heard it before. Our
12 approach to this, and so far this is been positively responded to by the design
13 centered working groups has been one of one issue, one decision, one time. It
14 necessitates for the most part that the design certification precede the subsequent
15 COL applications by virtue of the fact that we would like to address the design
16 certification issues, which is in rulemaking space and resolves them generically
17 under that arena and then cascade those decisions into the individual COL
18 applications to the extent that it can be done.

19 We think at the current time and we've gotten industry support for this view
20 is that we're thinking in the order of 65% to 75% of a combined license application
21 will rely upon direct reference to decisions previously made in the design centered
22 document or the DCD, design control document.

1 We organized within NRO to support those concurrent reviews. The project
2 management branches within the Division of New Reactor Licensing are organized
3 around design centers and we have created at least one project management
4 branch for each design center.

5 At the moment, we have the two GE design centers joined together; the
6 ABWR and the ESBWR just because of matters of scale right now. But in the
7 instance that there were more interest in an ABWR design than is currently
8 reflected, I suggest we'll probably break that into two separate design centers. But
9 we just recently created one to support the USAPWR design. That was created in
10 a reorganization of my division that we just put in place. At that time, barring any
11 questions at this time, I'll turn it over to Laura.

12 MS. DUDES: Thank you. Good afternoon. May I have slide seven?
13 My discussion today is going to focus on some perspectives from the review staff
14 beginning with the acceptance review process. In early May, we established a
15 working group to develop an office procedure for the COL acceptance review. The
16 procedure is responsive to the Commission's task force on scope and depth of an
17 application and an acceptance review. We'll provide the NRC staff a
18 comprehensive road map to develop three key outcomes.

19 One, we will perform an acceptance review that not only verifies that the
20 applicant complies with our application, but that there's sufficient technical
21 information for a reviewer to not only to begin their review, but to use the request
22 for additional information process to optimize and clarify the review, rather than to

1 supplement needed technical information.

2 Two, we will develop an application specific review plan which will already
3 account for those items that are considered resolved in a design certification or an
4 early site permit and we'll also use risk insights to help the reviewers identify key
5 areas where they may want to focus additional attention during the COL review.

6 Another key outcome of implementing our acceptance review procedure will
7 be realistic and actual resource and schedule information so that we can
8 accurately load our planning tools to reflect milestones for schedules and
9 resources that is based on actual information provided by the applicant.

10 I want to emphasize that the procedure is not new guidance, no new
11 requirements. It is solely based on our regulations and the requirements and
12 regulatory guidance put in place in support of COLs. We plan to issue the
13 procedures shortly and begin training on September 5th.

14 The NRC has revised and issued those high priority regulatory guidance
15 documents that are necessary to complete a combined license application, the
16 majority of which were issued in March of 2007.

17 In June of 2007, we issued Regulatory Guide 1.206 which is combined
18 license applications for nuclear power plants. This is the comprehensive guide
19 regarding the staff's expectations on what constitutes a high quality application.

20 As you heard a bit this morning, some issues are still under discussion
21 associated with our regulatory guidance documents. However, we believe now
22 that those issues and the technical positions are well understood and there are

1 action plans in place to address those technical issues where a common
2 understanding has yet to be achieved or if there are areas where the staff can
3 make accommodations with regard to schedules. We will be looking at that in the
4 near future.

5 In July of this year, and again in response to the Commission's request for
6 a more formal process for technical consistency in reactor licensing decision-
7 making, the Office of Nuclear Reactor Regulation and the Office of New Reactors
8 issued a joint office instruction to ensure a communication and issue resolution
9 protocol is in place to address differing technical resolutions or approaches,
10 methodologies, to resolving reactor licensing issues.

11 We continue to focus on the development and implementation of desktop
12 tools to provide electronic access of documents for our reviewers to do their jobs.
13 An early version of the Wizard desktop tool, which I believe you heard about a few
14 months ago, is now available to the staff and provides electronic access for the
15 updated Standard Review Plan with future information fields which will provide
16 links to applications, requests for additional information that were asked on similar
17 topics, regulatory guidance, codes and standards such that again our goal is to try
18 and achieve a single access point for the reviewers to access a multitude of
19 documents.

20 The technical reviewers as we now move into the infrastructure
21 implementation phase, the technical reviewers are taking an active role and
22 ownership of technical content of these information documents, of the Wizard tool,

1 of the content of the information in the SER templates that Mr. Matthews had
2 discussed earlier and we're providing user feedback to the developers to assure
3 that we put in place useful knowledge management tools that we can use today, in
4 the near future for our licensing activities, but also as we continue to bring on
5 future staff. Viewgraph number eight, please.

6 Although there's been a significant emphasis on developing infrastructure
7 over the past year, our technical staff continues to be engaged in licensing reviews
8 including the General Electric ESBWR design certification and the Vogtle early site
9 permit.

10 In addition in 2007, we continue to do quite a bit of pre-application work
11 continuing to focus on resolving long lead time items and resolving design related
12 issues in advance of issuing a COL or receiving the applications. We are currently
13 reviewing over 100 technical reports associated with a future amendment for the
14 AP1000 certified designs. We have numerous topical reports for the AREVA EPR,
15 ABWR and the USAPWR design certifications, all of which are expected in the
16 near future.

17 As these early interactions with the technical staff provide for a clear
18 understanding of the new technical methodologies and approaches and ensure
19 that we make the most effective use of our review time once the application is
20 submitted. Viewgraph number nine, please.

21 We are continuing our efforts to recruit and retain a high-quality staff.
22 Among those critical skills being sought are electrical and digital instrumentation

1 and control experts, structural and concrete engineers, and those with expertise in
2 the area of seismology. We have had some success in attracting these technical
3 experts, but we must remain focused in our efforts to continue to attract
4 high-quality technical experts.

5 In addition, we continue to hire bright new talent as part of the Nuclear
6 Safety Professional Development Program and in combination with the technical
7 experts that we are bringing on board, we need to continue to provide training and
8 development opportunities for our technical staff to assure that our skill sets
9 remain at a high level and that we provide retention incentives with these new
10 opportunities for our staff.

11 Recognizing that the nearing workload will not be accomplished solely with
12 NRC staff, we also plan to use contractors to address peaks in resource needs
13 during the application reviews and also to address those areas where we may not
14 have a sufficient number of technical specialists.

15 We have already drafted over 80 generic statements of work, preparing and
16 identifying skill sets within the technical divisions according to Standard Review
17 Plan sections and we continue to work with the Division of Contracts such that we
18 are ready to initiate these contracts in a timely manner as part of the review effort.

19 The staff is actively engaged in continuing to identify challenging technical
20 issues and engaging with our stakeholders to identify a resolution path for some of
21 the more complicated technical issues that we face, including Digital
22 Instrumentation and Control and seismic methodologies.

1 In July of this year, you heard a great deal about the NRC's approach to
2 Digital Instrumentation and Control and the activities of the steering committee.
3 The steering committee continues to work to address both near-term and
4 long-term issues associated with this technology and our staff is currently issuing
5 interim guidance for some of the Digital I&C issues.

6 Also, on August 15th, we issued interim guidance on several issues
7 associated with seismic and soil interactions at nuclear power plant sites. Key
8 issues such as high frequency ground motion analysis and soil testing have been
9 resolved such that applicants can now incorporate the appropriate information into
10 their COL applications.

11 One area that we continue to focus on is defining the roles and
12 responsibilities and ensuring that appropriate resources for the technical staff's
13 participation in the closure of inspections, tests, analysis and acceptance criteria.
14 It is clear that our technical experts here in headquarters will play a role and
15 participate not only through the COL and design certification reviews, but also in
16 the review process and will be needed to assist the region and others in the
17 closure of ITAAC.

18 All of these issues warrant continued attention by the NRC management
19 team especially as we gain a greater understanding of the actual design details
20 during the COL review and the ITAAC review and as emerging technical and
21 policy issues arise. Thank you. I'd like to turn it over to Bill Dean.

22 MR. DEAN: Thank you, Laura. Good afternoon, Chairman,

1 Commissioner Jaczko and Commissioner McGaffigan if you're listening. I'm here
2 to talk about review activities associated with the security and emergency planning
3 areas associated with the new reactor reviews.

4 First of all in the security area, I want to indicate that we've established a
5 very good working relationship with the Department of Homeland Security in terms
6 of working with them to develop the appropriate guidance and ensure that they are
7 appropriately staffed to do their part.

8 Of note, is that we've worked closely with the New Reactors Office in terms
9 of educating them on the licensing process so they're aware of what they are
10 getting into as well as developing the implementation plan. As you know, Section
11 657 of the Energy Policy Act required that we establish a memorandum of
12 understanding with DHS. That is in place and now we're working with them to
13 develop the implementation guidance.

14 We meet with them on a monthly basis on these topics. That relationship
15 has worked very well.

16 In the spirit of openness in this very challenging area to be open, we have
17 had the opportunity to have several meetings over the past year or so in the public
18 forum and we look for opportunities to do so, but it is a challenging area for us but
19 we are attempting to try and do that as best we can.

20 We also interact with industry mainly through the new plant security task
21 force. We have periodic meetings with them to talk about a number of issues
22 related to activities associated with security at the new reactors including ITAAC,

1 Standard Review Plans, and NEI's implementation guidance for security at new
2 reactor sites.

3 We've endorsed this guidance with the exception of Appendix F which was
4 one of the issues that industry raised this morning in terms of security measures to
5 be in place at a green field construction site. I would say that we have alignment
6 with industry in terms of what is it that we're trying to accomplish.

7 In essence, to assure that those sites are appropriately and reasonably
8 protected from any potential terrorist related activities. But the way to get there is
9 still an issue that we have with them in terms of what is the most reasonable way
10 to accomplish that mission. So we'll continue to work with them, but I will indicate
11 that one of the central issues in the dialogue is Section 652 of the Energy Policy
12 Act which does grant the NRC authority to require fingerprinting and FBI
13 background checks if the NRC determines it is significant to require this for public
14 health and safety or common defense.

15 This could very well be an issue that we will come up to the Commission on
16 depending on how our interactions with industry go within the next month or so in
17 terms of how much progress we make on getting closure on that issue with the
18 industry. That could be something that we will come to the Commission with for
19 some direction potentially in the future.

20 Otherwise, with respect to readiness to commence the reviews, security
21 and new reactors we feel we're in pretty good shape both on the level of staffing
22 that we have as well as the necessary guidance and the interactions that we have

1 with DHS to assist them in pursuing their role in that activity. If I could have the
2 next slide please, slide 11. Thank you.

3 In emergency planning just like in the security area, we have established
4 good working relationships with our external partners. Given the significant role
5 that FEMA plays in the review of licensee's emergency plans, we have frequent
6 interaction at the working level. There's a steering committee that's been
7 establish.

8 There is a gap, though, that we have at this point in time and this stems
9 back to the reorganization of FEMA moving back out of DHS - I'm sorry, FEMA's
10 radiological emergency preparedness organization or the REP program, when it
11 moved from Department of Homeland Security to FEMA in April of this year.

12 It wasn't really until this week that they actually had been able to put in
13 place an individual who would be the director of the National Preparedness
14 Directorate, that's Mr. Dennis Schrader. We are already on his schedule this week
15 to communicate with him and begin the outreach to Mr. Schrader in order to
16 strengthen those communications at the higher levels within our agency and
17 FEMA. So that's in play.

18 This morning industry expressed some concerns with FEMA relative to the
19 level of review necessary for an application on a brown field site where there is an
20 existing reactor. We're working with FEMA and industry to conduct a public
21 meeting on that subject, hopefully within the next month or so.

22 We do have an expectation that each criterion of the emergency plan needs

1 to be characterized as acceptable and valid and documented in sufficient detail so
2 that we can have the actual justification. So it's not something as simple as saying
3 we already have an active emergency plan. We want make sure the
4 documentation exists that supports that for each and every criterion. But that
5 doesn't mean that you have to go back and redo the technical reviews that might
6 have been done in the past.

7 We need to work with industry and FEMA to make sure that everybody's
8 clear in terms of what needs to be accomplished so we can be successful in that
9 area.

10 Internally, we've updated all of our Emergency Planning related regulations
11 and the associated guidance documents to address both COL and ESP
12 applications. This will make it clear how the regulations apply to both COL and
13 ESP applicants.

14 Also based on lessons learned from our reviews that we've done on early
15 site permits, we've developed a template that we believe will help improve the
16 effectiveness and efficiency within which we do our reviews internally.

17 FEMA also has indicated to us that they have learned lessons from their
18 reviews and they've put in place a training program that they expect to have in
19 operation this fall for their staff and for their contractors that are going to be
20 involved in this. So hopefully this knowledge management that Laura was
21 referring to, we're assuring that FEMA is also taking lessons learned from the
22 reviews we've done to date and incorporating those into future activities so that we

1 can be more effective and efficient. And with that, I'd like to pass it on to Jim
2 Lyons. Thank you.

3 MR. LYONS: Thank you, Bill. I always end up with the last slide, so
4 I'm always last for time.

5 CHAIRMAN KLEIN: They saved the best for last.

6 MR. LYONS: That's right. We at the NRC pride ourselves on having
7 an open and transparent licensing process and we use public meetings and
8 Internet based communications to ensure that concerned public citizens, other
9 government bodies, public interest groups can all participate in our reviews and if
10 they wish to actually challenge an application.

11 We work with our Office of Public Affairs to issue press releases to let the
12 public know if we're having a meeting in their area; if there's special documents
13 that are coming out that they need to be noticed of. We also, if there is a large
14 non English-speaking population in the area of the meeting that we're going to
15 have, we'll get public announcements out there. Our office sees that -- I know I'm
16 cutting in and out. Is it all right if I use your mic?

17 CHAIRMAN KLEIN: It's always risky taking a microphone away from
18 a lawyer.

19 MR. LYONS: I know. That's what I was thinking. We recognize that
20 effective communications with our external stakeholders is vital for us to have a
21 successful program and so we've developed plans to interact with other
22 government agencies, with the public, with our stakeholders. Bill Borchardt and

1 Gary Holahan our Deputy Office Director, are responsible for very high level
2 communications, but all the divisions and all the staff are important players in that.

3 On my first slide, Bill Dean has already talked to you about his interactions
4 with Department of Homeland Security, FEMA, industry and the public. We've
5 also been reaching out to other Federal agencies such as the Environmental
6 Protection Agency, U.S. Geological Survey, the U.S. Army Corps of Engineers.
7 My staff in the last several months have visited the EPA headquarters and talked
8 to them, also to the EPA regional staff to explain our process to get them ready for
9 the reviews that they are going to have to do of our environmental impact
10 statements.

11 As a result of those meetings, we've reached an agreement with them that
12 we will invite them when we go as part of environmental reviews on our audits
13 during our scoping periods to actually accompany us and see how we're doing our
14 job firsthand. So I think that will be very helpful.

15 We also have a memorandum of understanding with the Army Corps of
16 Engineers and USGS to help us in our site suitability reviews in the areas of
17 seismology and geology. We're also as part of this, the COL Task Force
18 recommended that we use other agencies environmental impact statements. Our
19 regulations already allow us to do that.

20 We're going to continue to look for ways where appropriate to pick up on
21 other agencies work so that we don't have to redo it.

22 As part of the site environmental reviews, we established relationships with

1 various State agencies that are responsible for environmental protection, historical
2 preservation, radiation control, emergency preparedness, and security. We also
3 meet with their public service commissions and other agencies that are
4 responsible for energy supply in the States.

5 On the local level, we meet with county and city officials, school districts
6 and other community leaders to explain our process, to explore the
7 socio-economic impacts that the project is going to have on their communities, to
8 discuss emergency preparedness with them. Those are all things that Mayor
9 Knapik was here and I got to meet him when we were down in South Texas in
10 June.

11 Also if there are any Federally recognized Tribal governments within
12 50 miles of a proposed site, we'll meet with them and continue dialogue with them
13 on their issues. If we can go to the next slide.

14 To keep the public informed about our reviews, we use the agency website,
15 the Federal Register and libraries near the applicant's sites to publicly post most of
16 our documents. This includes the application, opportunities to request a hearing,
17 and notices of when we'll hold public meetings. As our review progresses, we
18 issue our draft and final environmental impact statements and any associated
19 comments we have there, our safety evaluation reports and other documents
20 related to the review and to any hearings that are going on.

21 When construction actually begins, we will be out publishing our findings
22 related to inspection test analysis and acceptance criteria and we also plan on

1 having annual meetings similar to the reactor oversight processes annual
2 meetings on update of the status of the site.

3 Before an application is provided to us, we try to get out to every site and
4 hold a public outreach meeting similar to the one we had in Bay City, Texas for
5 South Texas, the one we had last week at Calvert. We're having two more next
6 week, one for the Lee site and one for the Summer site.

7 At those meetings, we try to explain to the public what our process is; how if
8 we complete the construction the combined license application that that could
9 mean that their plant would be constructed and operated there in their area. We
10 also try to explain how they can be a participant in the regulatory process at that
11 meeting.

12 Then once the environmental report is in, we go out for a scoping meeting
13 where we again explain our process, explain how we're going to do an
14 environmental impact statement, request for them to provide us any input into
15 what areas we should look at as part of the environmental impact statement. That
16 meeting is transcribed and we capture all those comments and collate them as
17 part of our draft environmental impact statement.

18 When the draft environmental impact statement is issued we go out again
19 for another meeting to present our findings and again request comments. We
20 transcribe that meeting. We collect comments and provide responses to those
21 comments as part of our final environmental impact statement.

22 I think we've already discussed engaging industry; several others have

1 already discussed that through the design centered working groups and
2 workshops. It was mentioned this morning about having a workshop to discuss
3 the environmental review process. That again, was a recommendation for the
4 COL Task Force.

5 We've been working with NEI to set up that meeting and that late
6 November/early December time frame works for us. We'll continue to work to set
7 that up.

8 I do want to mention that all the public meetings we have at the sites, we
9 start off with an open house with a poster session basically. We have our staff out
10 there that can talk one-on-one with the public as they come in to get their views to
11 have some personal contact. Our staff will stay after the meetings to talk with
12 people one-on-one if there are issues that they want to raise as a result of the
13 more formal part of the meeting. So we really do try to keep that dialogue going.

14 I'll go to my last slide, which is international communications. We're
15 continuing to be active in the Multinational Design Evaluation Program which
16 continues to get multinational support. The steering committee group that we are
17 part of is preparing recommendations on moving forward that we provided to the
18 policy group, which is agency level managers.

19 In addition, the CNRA is creating a working group on new reactors in
20 general that could include some of this MDEP coordinating activity. So we're
21 looking forward to seeing where that goes.

22 We have bilateral meetings. We support those whenever requested, both

1 here and abroad with interested countries on our progress and process of our
2 licensing actions. Most notably, just recently in the last two weeks we've had a
3 team that we're providing technical training to the Chinese; over 160 Chinese
4 engineers, scientists, managers attended that. That was on the AP1000 design
5 and our design certification review.

6 The feedback we got from the leader of that delegation, Pat Madden, was
7 that the government official said that the training exceeded their expectations and
8 they were very grateful for our efforts.

9 We're also working with Canadian National provincial and local emergency
10 management agencies to talk about any things that would affect interactions
11 between the two countries in those areas. With that, I'll turn to Bill.

12 MR. BORCHARDT: Slide 15, please. The accomplishments we've
13 discussed this afternoon have been the result of a truly agency-wide effort. Almost
14 every office within the NRC has contributed in one way or another, including Office
15 of Human Resources for the hiring process, Information Services for the IT
16 infrastructure, and Office of Administration for contacting and space issues.

17 I'll close by just saying that the next meeting on new reactor activities is
18 scheduled for October 24th and the focus of that meeting will be the construction
19 inspection program.

20 MR. REYES: With that, we finished the meeting with two minutes
21 ahead of schedule, I just want you to know we're ready, the staff is ready for the
22 work ahead of us. We feel comfortable that the issues that the industry presented

1 this morning that we are working with all the parties to resolve them. With that, I'll
2 just open it for questions.

3 CHAIRMAN KLEIN: Thank you for a very good and in depth
4 summary of those activities. The question that I have had a lot in my meetings
5 with Senator Voinovich is will we be ready? Will we be ready to handle the
6 volume? Do you see any inability - when you look at that list that Bill had for '09
7 and '10, do you see any inability of handling all the requests?

8 MR. REYES: I don't think so. I'll have Bill supplement my answer,
9 but Congress and the Commission gave us the resources we needed. We have
10 been very successful in recruiting the talent we need. The Commission approved
11 the organizational realignment early enough. You'll see the leadership that we
12 have ready to engage. So we think we have all the elements of success lined up.

13 Now, having said that, we have grown our organization in a very short
14 amount of time. There are some issues on skill balances we're working on, but if
15 you look at the high level, we think we're ready. Bill?

16 MR. BORCHARDT: I'll only add that almost everything that is on that
17 application review chart for 2008 is in the budget. The one most significant
18 exception is the Mitsubishi USAPWR design certification review. It's our intent that
19 any resources that are available that we will apply to that activity, so it's not that
20 we're not going to work on the Mitsubishi design cert, but all the others were in the
21 budget that will be coming in 2008.

22 It's going to be a tremendous challenge, not just the volume of work, but we

1 are fundamentally changing the way we're doing project management, the way the
2 technical staff will be interacting and it's a challenge not only for the NRC, but for
3 the industry as well. I'm optimistic. I think we have enough resources, but it's
4 going to be a difficult challenge.

5 CHAIRMAN KLEIN: I assume that if there are any indications of
6 difficulties with scheduling and people, you'll let us know?

7 MR. BORCHARDT: One of the up sides of the new processes that
8 we have is that it will be readily apparent very quickly because for the first time -
9 Dave talked about it very briefly - but for the very first time we can not only tell that
10 we're in duress on a specific review issue today, but we can show how that will
11 impact the rest of the reviews down the line.

12 If there is an unmanageable peak of resource demands in a given quarter
13 because of some earlier slip, then we'll have time hopefully to use our contracting
14 resources to dampen that peak out. But if not, we'll have to adjust schedules and
15 we'll be able to see that well enough in advance that it won't be a surprise to
16 anyone.

17 MR. REYES: The Commission has given us guidance on how to
18 prioritize. So we have the tools to do this.

19 CHAIRMAN KLEIN: Okay. Good. I was surprised with the
20 information we heard earlier this week about the completeness of the application
21 from Constellation. I guess it was good news and bad news.

22 It was good that the quality seemed to be at a high level, but it was not

1 good that it was not complete. Can you expand as to why that happened and I
2 assume that what you'll implement so that it doesn't happen with future
3 applications?

4 MR. BORCHARDT: In my view, this is a result of the first time we've
5 ever gone through this process. Although we've developed Regulatory Guides for
6 what ought to be in the application, those aren't always perfectly clear. I am
7 confident that the applicant submitted an application that they believed met the
8 expectations.

9 When we look at it from the regulator's perspective, we saw some of those
10 references, like Commissioner Lyons' referred to this morning, that pointed to
11 future submittals and the dilemma that we are struggling with right now, and we
12 intend to engage UniStar in a productive manner so that we can reach a common
13 end point on this. But the dilemma that we have is how can we do a meaningful
14 regulatory review based upon information that we've yet to receive?

15 So whether or not this is something that can be addressed in the next
16 several months is something we're going to engage UniStar on very soon and
17 hopefully we'll reach a good outcome.

18 It's also a question of whether there are practical hindrances to having a
19 split application that we just didn't foresee. When we came up with these
20 Regulatory Guides with some very intelligent and experienced people, but they
21 had never been through it before and I think we are uncovering some of the gaps
22 in what they considered.

1 MR. REYES: We're planning to have a meeting with the applicant, a
2 public meeting, which we'll make sure the other applicants are aware of because
3 as we resolve it with them being the first one have the benefit to the other
4 applicants to understand it too.

5 CHAIRMAN KLEIN: Good. Dave, I saw it was good news that the
6 Part 52 ink is hopefully getting nearly dry.

7 MR. MATTHEWS: Drying as we speak, I hope.

8 CHAIRMAN KLEIN: Any expected delays on the Limited Work
9 Authorization? Is that on track and on schedule?

10 MR. MATTHEWS: Certainly with regard to the NRC's involvement it
11 is completely on track and on schedule. We can't predict the nature of OMB
12 review. We know what it's supposed to be focused on. We're presuming it will go
13 smoothly and we've been reassured that its just an issue of getting it in their hands
14 at the time that they are ready to receive it and we believe we're on the cusp of
15 that happening.

16 I don't foresee any impediments to a prompt review by OMB. It would be
17 very difficult for me to give you a date by which that LWA rule is going to be put in
18 the Federal Register at this time.

19 MR. REYES: I just want to give credit to the staff. They're talking to
20 OMB trying to make sure if possible that the reviewer who did the Part 52 also
21 does the LWA because there's some efficiencies there to try to expedite the
22 review as much as we can. Whether we're going to be successful or not, I don't

1 know, but the staff is trying to leverage any efficiency even if it's outside the
2 campus trying to leverage that.

3 CHAIRMAN KLEIN: Good. Laura, this morning we saw a list from
4 David Christian of issues that they were working on. Do you think we're making
5 progress on that list?

6 MS. DUDES: Oh, yes. The discussions are really now focusing
7 more around a level of detail rather than a philosophical difference in approaching
8 that.

9 CHAIRMAN KLEIN: Thanks. I think we'll have time for a second
10 round. Commissioner Jaczko?

11 COMMISSIONER JACZKO: I appreciate the discussion on what
12 we're now terming sufficiency and level of detail. Whether that means its quality or
13 not quality, I guess it's certainly open to interpretation. I'm reminded of when I
14 used to have to do homework and if I didn't answer a couple of questions and
15 turned it in, I usually didn't get a good grade.

16 Again, I think the point here is that the applications that have come in
17 haven't included information that we needed and need for us to be able to do our
18 reviews. We can call that under whatever name we want, but I certainly think we
19 don't expect applications to come in and be insufficient. I think again it's
20 something that I'm concerned about and I appreciate the efforts of the staff.

21 I think you're doing the right things to do these acceptance reviews to make
22 sure that the right information is in there so that we don't have to create the

1 application through RAIs. That's not the process that we want and I don't think
2 that's the process the public expects. So I think it's good that we have that focus.

3 I encourage the staff to continue to look carefully at the front end on all of
4 these things. I think that makes a real difference going down the road.

5 A couple of questions; some are specific, some are a little more general.
6 On the ABWR, at this point do we anticipate GE submitting a design certification
7 amendment to deal with those issues we're anticipating for the South Texas -- the
8 design changes we're anticipating from the South Texas project that are generic in
9 nature? Do we anticipate GE submitting an amendment requests for that?

10 MR. MATTHEWS: I've only heard it that they are considering it. I
11 don't believe that they have declared that they are going to do that or on what
12 schedule they're doing it on. The presumption we've had in every communication
13 with South Texas in particular that any possible excursions or changes to the
14 existing ABWR will be addressed in their combined license application and we will
15 review them in that context.

16 If at some later date GE sees a benefit to modifying the DCD to make these
17 "generically applicable" to maybe potential customers that we haven't seen yet,
18 we'll be prepared to factor that into our planning and budgeting process to
19 accommodate, but right now we are seeing the ABWR design cert as being
20 referenced heavily by the STP without reliance on any future commitment for a
21 revision to that design cert.

22 MR. REYES: GE is entertaining potential orders from other

1 interested parties and that will dictate their strategy on design certification and
2 ours because our review for design certification update if there's no more uses in
3 this country readily obvious to us, may not merit the resources and the same thing
4 for the vendors.

5 As they're trying to sell the product and are in dialogue with some potential
6 customers, they're waiting, which way is the best efficient way to go for them and
7 we're doing the same. We have to do the same.

8 COMMISSIONER JACZKO: I appreciate that and I think that really is
9 my biggest concern here is from a resource perspective that we're not duplicating
10 that work or utilizing resources to do the design amendments if it does come in if
11 there really isn't an anticipated use for it.

12 By the same token, I think that's more in line with our ideas for
13 standardization. If there is an indication that that may be happening, I think our
14 focus really should switch to getting those things done in the design amendment
15 rather than through the COL process and more of a custom design there.

16 This is perhaps more of a -- I'm not sure if it's a question or statement, we'll
17 see how it goes. Dave, you made the comment and I think this is really the right
18 approach about the one review, one issue, one resolution. I can't remember all
19 ones that were in there.

20 MR. MATTHEWS: A unified approach.

21 MR. REYES: One issue, one review, one position.

22 COMMISSIONER JACZKO: Okay. There's three ones. And now of

1 course as I look at that chart we have about all the timing of all of these things,
2 some of the red lines - this is the chart the new reactor, the big flow chart we have,
3 some of the red lines which are for the design certifications go pretty far into that
4 COL review time. I guess that raises in my mind a question about - again, I think
5 that's the right approach.

6 To do the one review, but I'm wondering if we're being realistic about how
7 that is going to play with timing in terms of the actual COL review because, of
8 course, this is again not the approach that was outlined in Part 52. The idea was
9 the red line would end before the blue line began.

10 I'm always reminded of the wisdom of previous Commissions because I
11 think this particular scenario where the red line overlaps the blue line was
12 described by the Commission, I think in Part 52, using the words "at the applicant's
13 risk". That's not the risk sense that we usually have the word "risk" appearing in
14 our regulations.

15 I think there is a lot of uncertainty attached with that process because I'm
16 not sure how all these issues will be resolved in the rulemaking process and it's
17 not clear to me that we shouldn't really wait until the very end of that red line until
18 we have a published final rule to be able then to go into the COL process and
19 make final decisions.

20 So I'm not sure what that means for timing of things like an SER, things like
21 hearing process, all of which will be in progress although we always show the
22 hearing is happening at the end. It begins at the beginning.

1 I don't necessarily see how all of these boxes line up in the way that they
2 are shown on this particular chart. I don't know if you want to comment on that.
3 As I said, I'm not really sure if there was a question in there, more of a statement.

4 MR. MATTHEWS: I'm going to suggest that there's a level of detail in
5 our Enterprise Project Management server that appreciates the ordering of the
6 review activities. This ordering is going to be dictated by the degree of overlap of
7 those two lines.

8 I don't want to be overly optimistic. We haven't done this before. But the
9 model anticipated the concerns you raised, and so it's an issue of will we be able
10 to perform according to that model? Will the applicants be able to provide to us
11 those consistent applications?

12 There's already been a great deal of discussion, for example, of which
13 revision of the ESBWR design certification document is going to be relied upon by
14 Dominion when they submit their application and we had a great deal of
15 discussion on which revision that was going to be and which parts of the
16 application were going to make reference to that revision.

17 We are integrating these reviews such that a given reviewer, if there is an
18 issue that has been unresolved in the design certification review, that will be the
19 area in which it will be resolved in and then that decision will cascade into the
20 related combined license application review process; hopefully, with allegiance.

21 COMMISSIONER JACZKO: That sounds like it makes sense. The
22 thing that I don't quite understand is how that plays into the hearing process. If we

1 have contentions filed on aspects of design, we don't have an answer, really, I
2 think from a legal perspective and I don't know if Karen has thoughts on this, but
3 until that rulemaking is done.

4 So I guess the question becomes then how are we resolving those issues in
5 the hearing? Are we holding all contentions in abeyance until the rulemaking is
6 complete?

7 MS. CYR: There are options. You could hold the issues until the
8 completion of the rulemaking and that's sort of the "at risk" piece of it. Or you
9 could go ahead if the staff has a position on it, you could go ahead and resolve it
10 on the basis of the staff's position. Now again that's still somewhat at risk because
11 you have to go through your public comment process in the context of the
12 rulemaking on the design cert itself, but it's probably less risk at that point time
13 because the staff would have developed its position with respect to that issue and
14 might be able to take that position.

15 So while you would still have potentially the option for some discussion if
16 the results don't line up after you get through the design certification that there
17 would still be an opportunity to go back and revisit those issues in the hearing, but
18 there'd be less of an opportunity -- I mean likelihood of that if the staff has reached
19 its position on that as part of its design approval to go into the design certification
20 rulemaking.

21 COMMISSIONER JACZKO: I appreciate that. I think the operative
22 word there is the fact that either of these processes there is some inherent risk

1 and some uncertainty in this process and I think as I've indicated multiple times I
2 would certainly prefer that those designs certs are done before we're really
3 embarking on this.

4 MR. BORCHARDT: If I could just add one thing to the conversation.
5 The red line that's shown here includes a rulemaking process. The vast majority
6 of the technical issues, the staff has reached a technical position about halfway
7 through that red line.

8 COMMISSIONER JACZKO: I appreciate that. The point is
9 fundamentally though that in the process we have we've taken the design issues
10 out of the hearing process by having the rulemaking and that isn't by having had a
11 staff position. A staff position would be done early in the process regardless of
12 whether we're using a hearing or whether we're doing a rulemaking to resolve it.
13 It's how we're incorporating the public comment aspect and the public
14 involvement.

15 That to me is very important and I think we can't really have it both ways. If
16 we were going to give people the advantage of not having those issues in the
17 hearing, that meant you did it through a rulemaking where you have that other
18 opportunity for public involvement.

19 To some extent, while the staff position may be finalized, we haven't
20 finalized necessarily all those issues. I think that's the area that I'm a little bit
21 concerned by. It really goes beyond the staff review. It really gets into that
22 interface with the hearing process which is in a lot of ways probably the most

1 uncertain aspect.

2 I certainly appreciate that timing and I think that that is true regardless of
3 whether we're talking about design cert or whether we're talking about just a
4 straight old COL.

5 I have other questions. Do we want to go back to you and do another
6 round?

7 CHAIRMAN KLEIN: We'll let you catch your breath.

8 COMMISSIONER JACZKO: Okay, good. Thank you. We can do
9 that.

10 CHAIRMAN KLEIN: A couple questions for Bill. We've had some
11 meetings with DHS and FEMA in terms of their timely reviews and schedule. Is
12 that working well?

13 MR. DEAN: As I mentioned in my remarks, the coordination with
14 DHS has gone very well. We think they're well engaged. FEMA still has some
15 challenges. If you remember from your dialogue with Administrator Paulson,
16 where you talked about the staffing and their plans to bring on board 40 people to
17 support these reviews, they've made some modest progress in terms of hiring
18 those people, but they certainly haven't come nearly close to bringing on board the
19 40 people they anticipated they would need to do the reviews that they anticipate.

20 They have plans for these 40 people to establish a central organization in
21 headquarters that would be focused just on new reactor activities and then spread
22 the other 30 people to the particular FEMA regions that are going to have the new

1 construction activity in those regions. They won't be dispersed amongst all the
2 FEMA regions, but concentrated on the regions that will have the activity or have
3 the work.

4 Like I said, they've only made modest progress, I think. They have put in
5 place contractual devices that will allow them to bring on board contract resources
6 until they can get to the staffing level. In that regard, I think they are adequately
7 prepared, but not to the degree that I think they would like to be in the future with
8 their own staff in place.

9 I did mention the training program that they are going to put in place to
10 make sure that the lessons that we've learned from the early site permit reviews
11 that we've done. We had some early issues with FEMA in some of the quality and
12 timeliness of reviews with the most recent Vogtle ESP. They came in on time with
13 a good quality product. That's a good sign. I would say the slope is upwards, but
14 it still remains to be seen. They still think they have some challenges facing them
15 in terms of staffing.

16 CHAIRMAN KLEIN: The important thing is just to make sure that
17 they have advance notice of the schedules that we expect. So they can budget
18 accordingly and communicate frequently.

19 MR. DEAN: Yes, sir.

20 CHAIRMAN KLEIN: One of the issues that we need to address at
21 some point are what are the security and fingerprint requirements for construction.
22 I assume that that will be reasonable and there's not a plan to fingerprint

1 everybody.

2 MR. DEAN: No, sir. If I was going to describe the staff's current
3 position, of course, we're still in dialogue with industry, but it wouldn't be
4 necessarily too much different than what we have for Subpart K for fitness for duty;
5 that there is a core group, a critical group that we think warrants the level of
6 reasonable assurance to go to perhaps fingerprinting and other sort of means of
7 verifying who they are and what their background is as opposed to the rank and
8 file construction worker where perhaps a demographic check is all that's needed.

9 So we have a tiered approach in mind with that range of options. The issue
10 is getting alignment and who ought to be in what tier and whether the activity we
11 want to do for that tier is right.

12 CHAIRMAN KLEIN: Good. Thanks. This may be both a Jim and a
13 Dave question. Obviously, in the outreach and the communication activities that
14 you've both been doing, I've been impressed that the opportunity for public input
15 throughout the process and all the hearings and meetings that you've been
16 holding, so there's a lot of activities. I guess I'd like your comment on how that's
17 been going and what kind of feedback you received about our processes for public
18 input.

19 MR. LYONS: So far, the two public outreach meetings that we've had
20 we've had over 200 people at each one of them. We've had very good dialogue at
21 the meetings, both supporting the project or having concerns about the project.
22 So I think we do a pretty good job at that meeting which is really only meant to

1 provide them information at that point of what's coming and then it's when we get
2 into the scoping meetings and the draft environmental impact statements where
3 we have the most interaction.

4 Typically, that's where the community engages and where they're most
5 comfortable engaging in. They understand the area that they live in and the
6 concerns they have about different streams and rivers and birds and bees in their
7 area. I think we've done a good job getting out there.

8 Kind of a funny story about the outreach of the scope of our outreach; Tom
9 Bergman is the Deputy Director for Dave just was relating a story that at soccer
10 practice his wife was approached by one of the other soccer moms that said, "I
11 was watching Japanese TV last night and I saw your husband on the TV."
12 Because Tom had been making the presentations at the Calvert Cliffs public
13 outreach meeting and there was a Japanese television crew there and they had
14 taken film footage. So we're reaching out.

15 CHAIRMAN KLEIN: We are in a world market.

16 MR. REYES: I just want to give them credit in South Texas for
17 example, because there's a Hispanic population there. The staff took with them a
18 bilingual member of the staff who did a whole interview in the Hispanic media. So
19 they're trying to outreach all the segments of the population so they know who we
20 are, what we do, what their opportunities are. It's a significant effort.

21 CHAIRMAN KLEIN: I think one of the issues will be different for this
22 next round is that there are plants typically already in existence and so it's not

1 something new and mysterious like the first round. So I assume that will probably
2 change the flavor of a lot of the outreach activities.

3 MR. LYONS: I think next week when we get to the Lee site which
4 had some construction started on it, but not basically a brown field site, almost a
5 green field site, that will be an interesting meeting to see what kind of a response
6 we get and interaction that we have.

7 CHAIRMAN KLEIN: In terms of international activities, are we going
8 to put another inspector in Okaludo?

9 MR. BORCHARDT: In my mind, I'm not sure that is the place we
10 would go to next. There's a number of other construction projects around the
11 world. We are engaging with other regulatory bodies to see information exchange
12 opportunities and the kind of thing. I think if we were to go back to Okaludo it
13 would maybe be 18 months from now. I think we've got a good idea of the civil
14 structural types of activities and to go in another 18 months would be the right kind
15 of time if we were to go back.

16 MR. REYES: Just so you know, we have discussed it. To go back to
17 the project at a different stage and maybe concentrate on electrical, digital
18 instrumentation and control and things of that nature because I think what Bill is
19 talking about, we have a good snapshot on the seismic civil, structural, things like
20 that and we're planning to do that with other countries and then come back when
21 the project is further along and you get more into the electrical and digital
22 instrumentation and control. It's a different kind of asset and get that lesson

1 learned.

2 CHAIRMAN KLEIN: Now that China is getting ready to gear up on
3 the AP1000, is there any advantage to having the MDEP look at the AP1000?

4 MR. REYES: They're going to build it before.

5 MR. BORCHARDT: I think the sequence isn't optimum to have
6 MDEP involved with that. They're going to be out ahead of that activity. We'll
7 have enough bilateral discussions with China that I think we'll be able to
8 accomplish many of the information exchanges even outside of the MDEP
9 program.

10 Because you have so many countries involved in MDEP, it becomes a more
11 difficult coordination issue. We can look at it, but I would put a relatively low
12 probability on that in my own mind.

13 CHAIRMAN KLEIN: So I assume the Phase 2 and Phase 3 are more
14 common codes, common understanding. Those will cut across all the --

15 MR. BORCHARDT: That's independent of design.

16 CHAIRMAN KLEIN: Great. Commissioner Jaczko?

17 COMMISSIONER JACZKO: This is an issue that came up this
18 morning and I didn't get a chance to explore it, but I thought maybe you all have
19 some thoughts on it. We had comments made talking about the issue of
20 standardization and one of the areas where there may not be as much
21 standardization is in some of the programmatic areas for facilities.

22 I'll just throw that out there if the staff has any comments on that and how

1 they think that will affect the overall standardization or if it's not really a minor or
2 major issue when it comes to that.

3 MR. BORCHARDT: It is a very interesting topic and depending on
4 which seat you're sitting in, you can see how you would come up with different
5 answers. My personal view, and we haven't come to an agency or staff position
6 on this, is that to the extent operational programs need to be enhanced in order to
7 be licensed at new reactors, my hope would be that the industry would raise up to
8 that standard for their operating reactors and that we not try to influence what is
9 acceptable at the new reactors by bringing it down to some lower standard.

10 I could certainly understand the owners' desire to have all of their operating
11 units regardless of the vintage of that plant operating under similar programs.
12 That was the exchange I think we need to see worked out. Frankly, it isn't on the
13 front of my screen right now because its several years away and I have plenty of
14 other things to be worrying about.

15 COMMISSIONER JACZKO: I appreciate that. When we get closer,
16 I'll try and remind you. Laura, this was maybe going back to an issue that you
17 raised and one of the technical challenges or issues that you brought up was in
18 seismology.

19 I'm just wondering if you can provide a little bit more discussion on what the
20 issues are there. It was surprising to me to see that word. I thought that was an
21 issue we had fairly well under control.

22 MS. DUDES: I'll attempt a high level discussion and then if I need

1 more help because when I sit in some of those meetings, it's like watching
2 Jurassic Park 1, 2 and 3 with the scientists. I think overall --

3 COMMISSIONER JACZKO: And perhaps none of the car chases.

4 MS. DUDES: None of that. A couple issues that we wanted to
5 resolve was discrepancies. There were new codes that were being developed to
6 address some of the seismic responses and so the proposed codes they had to
7 look at sensitivity studies and the staff was not sure or was not completely
8 satisfied with some of the extent of sensitivity studies or the capabilities of that
9 additional code being proposed.

10 So there was some interaction there associated with can you provide more
11 data and more bounding information on that.

12 COMMISSIONER JACZKO: The codes are codes from --is this
13 computer codes?

14 MS. DUDES: Computer codes, I'm sorry, codes to analyze the
15 seismic motion. There was also issues associated with soil testing, the extent of
16 soil testing. What soil testing could be available at the time of COL or testing
17 results because there may be issues with resources and laboratories being able to
18 do that work in a timely manner?

19 So there were discussions about providing some information at COL and
20 then providing the further information as you progress through the COL review and
21 then perhaps even later. The key concept that the staff focused on there was that
22 that may be an appropriate and reasonable answer with the understanding that

1 applicants who choose to do that and provide some data at COL application and
2 maybe some later on down road, they do that at risk if the analysis of that soil
3 comes in and indicates some different technical properties then that would be -

4 COMMISSIONER JACZKO: Presumably in our Standard Review
5 Plan and Reg Guides that come in, do we have a specific methodology to cover
6 this right now?

7 MS. DUDES: Yes. In fact, one of the things we did in issuing the
8 Standard Review Plan on these issues is we did try to resolve some of the more
9 advanced technology or information that we had associated with seismic and part
10 of the guidance that we issued in August was working with the industry to clarify
11 and make sure we had a common understanding so that they could be able to
12 implement the issues in the updated Standard Review Plan.

13 COMMISSIONER JACZKO: Are these issues then a result of
14 continued areas of lack of clarity? Or is this more new approaches, new ideas?

15 MS. DUDES: We started several years ago and I know during the
16 Clinton ESP we started along new approaches with a risk or performance based
17 methodology associated with the seismic inputs. I think as we moved on it's
18 advances in those areas and then clarification in the SRP.

19 MR. REYES: Commissioner, if you're also talking about the recent
20 First Phase COL application, I think the applicant had brought up a good point.
21 We need to step back. Their argument is, and we just haven't rendered judgment
22 on that is, there is some practical issues here that until you actually start digging

1 for the structures et cetera, et cetera, there is some information that they can
2 provide as a guess or a scientific estimate, but the final numbers won't be there
3 until you actually doing an excavation and things like that.

4 I think that's a practical issue that they have a good point. We need to step
5 back and understand it because one of the things that we did is we have to go
6 through a whole cultural shift and so do the utilities. We used to do it in this
7 country where you got a construction permit and you did all these things and then
8 at the end we finish. Now we're talking about giving an operating license.

9 We thought this is all the things we need to give you an operating license.
10 It's a pretty high order to give you an operating license. We want to be able to do
11 a thorough review. But it may be that in our request or requirements there are
12 some practical things that didn't surface to the level that it perhaps should have
13 and now we're finding that we may have to accommodate those. So I envision
14 that in the first COL some of these issues are going to come up.

15 COMMISSIONER JACZKO: Are there areas other than seismic
16 where these similar kinds of issues exist?

17 MR. REYES: The issue with how much backfill you're going to put in
18 and things like that, I think that's more environmental. We would put those in -

19 MR. LYONS: That's seismic.

20 MR. REYES: There's some practicalities here that we're going to
21 have to step back and understand.

22 COMMISSIONER JACZKO: Would these issues eventually -- if we

1 were doing soil samples or testing at construction, presumably that would be after
2 COL or would these be things that were captured in an ITAAC? Would that be the
3 intention?

4 MR. REYES: No. You could do it in an ITAAC, but the question is
5 the level - and I think Bill used the right word - is the detail of information. They
6 can give us a guesstimate of how big the hole is going to be and how much backfill
7 they need, but you don't know until you start excavation. And you know exactly
8 what you find in the soil and how deep you go and things like that. There are
9 some practical issues that I just think we're going to have to step back and think
10 how best to get to the end point.

11 MR. LYONS: We're continuing dialogue and we've put out the interim
12 staff guidance in a draft form. We're going to have comments. We have meetings
13 coming up in the next two weeks, I think. We've got another workshop to talk
14 about these issues. It's an issue that we've been dealing with as Laura said ever
15 since the Clinton early site permit to come up with the right way of handling these
16 things.

17 COMMISSIONER JACZKO: I just have one more question. This is
18 really an issue that come Commissioner McGaffigan raised this morning, but I
19 thought it was a good point and I would raise it here as well. Looking at all the
20 work that we have to do and in particular looking at the AP1000 design centered
21 working group, the reference plant right now for that is the Bellafonte site, which at
22 least to my knowledge is not a site that we're anticipating any near-term activity for

1 actual construction.

2 I'm just wondering what the staff thoughts would be on taking another one
3 of those applications and making one of the other ones where we have more
4 sense that there's actually going to be construction and use that as the reference
5 application rather than really reviewing an application that may never actually see
6 construction in the near term if it's approved.

7 MR. BORCHARDT: My position has been to respond to the request
8 of industry on this and if it's their desire that Bellefonte be the reference plant; that
9 that's what we would work on.

10 COMMISSIONER JACZKO: If the Commission were to say that we
11 only want to budget -- I think if we go back and look at the prioritization and those
12 things and we get into a situation with limited resources, we want to only put
13 resources to those facilities that we have a good sense are really going to be
14 moving toward construction in the near term. Would Bellefonte fit that category?

15 MR. BORCHARDT: The Commission, as you're well aware, gave us
16 the criteria in which to evaluate that for budget implementation. We have not sent
17 requests out for that information specifically, although the industry has that list.
18 What we would have to do is to send that out, get responses from the industry and
19 then evaluate it based on those criteria.

20 MR. REYES: You need to be aware that the industry has sequence
21 now. The AP1000 applications assuming Bellefonte is going to come in first and
22 the other ones are going to be behind it. In terms of receiving that, we may

1 prioritize it high, but it may not be here. So there's some practical issues we're
2 going to have to deal with if we get direction change. The Bellefonte application
3 may be here -

4 COMMISSIONER JACZKO: I appreciate that. Again, some of these
5 things we're trying to look forward and manage our resources well and I think
6 Commissioner McGaffigan made the point that I think we're past the point now of
7 doing applications for the sake of testing that we can do the process.

8 We have enough applications that seem to have an interest in building
9 facilities if they get licensed that I think that's where our resources should go. I
10 certainly think that that's one that stands out a little bit as perhaps an application
11 that may be more in the former category than in the latter. I certainly think it's
12 worth exploring that idea that he raised. That's all the questions I have.

13 CHAIRMAN KLEIN: I think that was one of the reasons I wanted to
14 ask my question about staffing. If that happens, and we have a staffing crunch,
15 we will I assume hear from the staff and we can reexamine which ones we
16 prioritize.

17 MR. REYES: Based on our request for the FY09 budget, I hope you
18 get the idea we're not shy.

19 CHAIRMAN KLEIN: I'd like to thank the staff for all their hard work.
20 You all have done a remarkable job. I'd like to thank the industry and Mayor
21 Knapik for his presentation this morning as well.

22 As I've often said, you have a lot of work yet to go and we'll certainly take

1 those as they come. We also need to focus on those existing reactors as we
2 oftentimes say to make sure that that fleet runs safely and appropriately.

3 I'd like to compliment Bill on helping Jim Dyer with his work force and
4 continue to see that that existing fleet works properly.

5 MR. REYES: It goes both ways.

6 MR. DYER: I'm about 200 down.

7 CHAIRMAN KLEIN: Meeting is adjourned. Thank you.

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